Economic Development Canada

ESTIMATES

For the period ending March 31, 2012

Departmental Performance Report

Denis Lebel

Minister of Transport, Infrastructure and Communities and
Minister of the Economic Development Agency of Canada
for the Regions of Quebec

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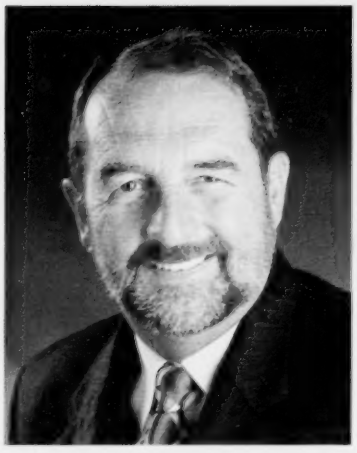
MESSAGE FROM THE MINISTER



I am proud to submit to Parliament the *Departmental Performance Report* of the Economic Development Agency of Canada for the Regions of Quebec for the period ending March 31, 2012.

Over the past few years, the global economic context has posed major challenges for the country's communities and enterprises. The Government of Canada has acted speedily to mitigate the impact of this crisis and contribute to the recovery of the Canadian economy. The *Departmental Performance Report* presents the tangible results of the programs and initiatives put in place by the Agency.

Thus, in the past year, the Agency invested $253 million in grants and contributions to help small and medium-sized businesses (SMEs) in Quebec become more competitive and energize communities. The Agency's programs have generated an economic leverage effect, whereby each $1 invested by the Agency has generated an average of $2.33 invested by promoters and other funding sources.

To stimulate the economy and employment, the Agency has also continued implementation of temporary initiatives, in particular the *Recreational Infrastructure Canada* program, a component of *Canada's Economic Action Plan*, and the *Temporary Initiative for the Strengthening of Quebec's Forest Economies*, aimed respectively at increasing recreational infrastructure construction activity and supporting projects targeting the diversification of forest communities.

At the same time, the Agency initiated over the past year the rollout of its transformation and modernization, in order to become more efficient and provide enhanced service to the public. In that regard, to meet the challenges of Quebec regions and enterprises, the Agency updated its regional economic development vision, and this is reflected in the new *Quebec Economic Development Program*, in effect since April 2012.

I invite you to read through this report, which shows that the Agency's intervention is closely geared to the economic realities of Quebec and its regions and contributes to enterprise development and community vitality.

Denis Lebel
Minister of Transport, Infrastructure and Communities and Minister of the Economic Development Agency of Canada for the Regions of Quebec

1 AGENCY OVERVIEW

1.1 Raison D'être

The object of the Economic Development Agency of Canada for the Regions of Quebec is to promote long-term economic development by giving special attention to regions where slow economic growth is prevalent or opportunities for productive employment are inadequate.

Through its economic role, the Agency is central to government priorities with respect to the economy and employment. It is present in all Quebec regions, and works in conjunction with local organizations. The Agency supports communities and small and medium-sized enterprises (SMEs) so they can take part in the economy of tomorrow and achieve their full potential by building on their strengths, while at the same time improving their performance, productivity and innovation capability. Furthermore, the Agency provides its support to regions facing major crises by helping them diversify their economic activity base so as to enhance their long-term viability.[1]

1.2 Responsibilities

Through its business offices,[2] the Agency's presence is well-rooted in all Quebec regions. It acts in relation to enterprises—predominantly SMEs—and non-profit organization (NPOs), which the Agency supports in their development projects primarily by providing financial assistance for project implementation.

The Agency's approach is inspired by the best practices identified with respect to regional economic development. It is:

- **consistent** with government priorities and national strategies in line with its object and anticipated results;
- **geared** to the economic issues and challenges of Quebec's enterprises and its different regions by building on their assets and potential;
- **collaborative** with economic agents, such as local partners, other federal departments and agencies, the Quebec government and municipal organizations.

[1] *2011-12 Part II – Main Estimates*, p. 109: http://www.tbs-sct.gc.ca/est-pre/20112012/p2-eng.asp
[2] www.dec-ced.gc.ca/eng/business-offices/business.html

Agency Programs and Initiatives in 2011-12

Regular Programs:

- *Community Diversification*
- *Business and Regional Growth*
- *Regional Development Research*

Canada-wide Programs Implemented in Quebec by the Agency:

- *Community Futures Program*
- *North American Platform Program*

Infrastructure Programs:

- *Building Canada Fund–Quebec*
- *Municipal Rural Infrastructure Fund*
- *Canada Strategic Infrastructure Fund*

Ad-hoc Initiatives:

- *Linguistic Duality Economic Development Initiative*
- *Temporary Initiative for the Strengthening of Quebec's Forest Economies*
- *Support Initiative for International Cruise Development on the St. Lawrence and Saguenay Rivers*
- *Contribution Program to Fund Construction of a Gas Pipeline Between Vallée-Jonction and Thetford Mines*

Canada's Economic Action Plan Initiative:

- *Recreational Infrastructure Canada Program*

1.3 Strategic Outcome and Program Activity Architecture (PAA)

In 2011–12, to fulfil its mandate, the Agency aimed to attain the strategic outcome: *A Competitive and Diversified Economy for the Regions of Quebec*. The following table presents the Agency's PAA in effect during this period, and shows the full framework of program activities and subactivities, as well as their contribution to the strategic outcome.

Program Activity Architecture

Strategic Outcome	Program Activities	Program Subactivities	Internal Services
A Competitive and Diversified Economy for the Regions of Quebec	*Community Development*	• *Community Mobilization* • *Local and Regional Enterprises* • *Tourism and Community Facilities*	*Governance and Management Support* *Resource Management services* *Asset Management Services*
	Infrastructure	• *Water Quality* • *Roads and Public Transit* • *Urban or Regional Projects* • *Special Infrastructure-dedicated Programs*[3]	
	Special Intervention Measures	• *Community Adjustment to Economic Shocks* • *Community Adjustment to Natural Disasters* SOLELY AS REQUIRED, AD HOC FUNDING	
	Enterprise Competitiveness	• *Enterprises' Strategic Capability* • *Strategic Enterprises*	
	Competitive Positioning of Sectors and Regions	• *Growth Poles* • *International Promotion of Regions*	
	Policies, Programs and Initiatives	• *Analysis and Research* • *Policies and Programs* • *Representation, Influence and Collaboration*	

In line with Government of Canada priorities, the Agency initiated the rollout of its transformation and modernization so as to be more efficient and offer enhanced service to the public, by adopting practices that make greater use of technology. Thus, the Agency revised its strategic outcome and simplified its Program Activity Architecture and its performance measurement, as well as its programs. The changes took effect on April 1, 2012. Details are presented in the Agency's *2012–13 Report on Plans and Priorities*.[4]

[3] The *Special Infrastructure-dedicated Programs* program subactivity in 2011–12 comprised an initiative of *Canada's Economic Action Plan* (CEAP), the *Recreational Infrastructure Canada* program.

[4] www.tbs-sct.gc.ca/rpp/2012-2013/index-eng.asp?acr=1959

1.4 Organizational Priorities

Priorities represent the areas on which the Agency has decided to focus. They are established on the basis of Government of Canada priorities, departmental targeted results and the regions' economic challenges. During 2011–12, the Agency implemented the following four priorities:

Priority	Type	Links to Program Activities
Make Quebec Communities Stronger	Priority previously committed to during FY 2010–11 *(Revised wording)*	*Community Development*
Progress Against Priority		
In order to contribute to making Quebec communities stronger, the Agency in 2011–12 signed 111 new contribution agreements, representing $44.3 million in authorized financial assistance. Among these contribution agreements: • the Agency signed 39 new agreements, representing $10.1 million in authorized financial assistance, in support of projects building on the offering of entrepreneurship services and the creation and development of SMEs.[5] • the Agency also signed 72 new contribution agreements, representing $34.2 million in authorized financial assistance, for projects aimed at supporting communities affected by the forestry crisis. These projects received support through the *Temporary Initiative for the Strengthening of Quebec's Forest Economies* (TISQFE).[6]		

Priority	Type	Links to Program Activities
Help SMEs Become More Competitive	Priority previously committed to during FY 2010–11 *(Revised wording)*	*Enterprise Competitiveness*
Progress Against Priority		
To help SMEs operate in an increasingly competitive market and to reinforce their productivity and performance, in 2011–12 the Agency signed 210 new contribution agreements, representing $85.8 million in authorized financial assistance.[7] These concerned new projects targeting enhancement of productivity, development and commercialization of innovative products, technology transfer and enhancement of opportunities on international markets.		

[5] The 39 new agreements exclude 22 new agreements approved under the TISQFE, for which authorized financial assistance totalled $23.9 million, for projects building on the offering of entrepreneurship services and the creation and development of SMEs. These 22 agreements are already included in the 72 new TISQFE agreements under the *Make Quebec Communities Stronger* priority. The data also exclude projects approved under the *Community Futures Program* (CFP).

[6] Projects approved under the TISQFE were funded through the *Community Development*, *Enterprise Competitiveness* and *Competitive Positioning of Sectors and Regions* program activities.

[7] The 210 new agreements exclude 34 new agreements approved under the TISQFE, for which authorized financial assistance totalled $6.9 million, for projects aimed at helping SMEs become more competitive. These 34 agreements are already included in the 72 new TISQFE agreements under the *Make Quebec Communities Stronger* priority.

Priority	Type	Links to Program Activities
Improve the Integrated Planning Approach	New priority	*Internal Services*
Progress Against Priority		
▪ In 2011–12, the Agency implemented its integrated planning approach, revised the previous year, leading to sound planning of financial and human resources. ▪ Integrated planning also enabled the Agency, in a context of change, to stress the implementation of transformation projects by bringing them into line with routine activities and available resources.		

Priority	Type	Links to Program Activities
Update Directions and Renew Programs	Priority previously committed to during FY 2010–11 *(Revised wording)*	*Policies, Programs and Initiatives* *Internal Services*
Progress Against Priority		
▪ In 2011–12, within the framework of its transformation and modernization, the Agency set up a corporate project (CED 2012) aimed at developing a renewed regional economic development vision. The Agency's updated vision is presented in its *2012-17 Strategic Framework*. ▪ In line with its updated vision, the Agency renewed its program and simplified its Program Activity Architecture and performance measurement framework. It also developed tools for delivery of its new program, in effect since April 1, 2012: the *Quebec Economic Development Program* (QEDP). Moreover, employees were consulted on several occasions in the course of the CED 2012 project.		

1.5 Risk Analysis

In its desire to attain its results, the Agency has to have an overview of the changing factors that have a marked impact on its environment and to integrate these factors into its decision-making processes so as to respond more effectively to the new needs of Quebec SMEs, communities and regions.

Over the past year, the Agency conducted follow-up on its key risk profile. This presented the risks most likely to affect attainment of the Agency's expected results and its performance in terms of the effectiveness and efficiency of management practices. The Agency implemented and conducted follow-up on the mitigation strategies established in its risk profile.

Key Corporate Risks[8]	Mitigation Strategies Implemented in 2011–12
Governance Additional pressure on Agency budget following decline in program expenditures from other funding providers	• Monitoring and analysis of other funding providers' priorities • Review of their programs and budgets, and analysis of impact on Agency
Policies and Programs Development (including associated tools) of new grants and contributions programs	• Governance structure and project management, led by a dedicated team, fostering consultation and involvement of the Agency's different sectors • Taking into account of observations made in particular in the 2010 Strategic Review, program evaluations, evaluations associated with the Management Accountability Framework and studies • Development and implementation of an internal and external communication strategy and an internal training strategy
Human Resources Human resources management, especially future match between operational needs and existing human resources	• Introduction of an integrated human resources management committee which monitors all measures associated with human resources management • Implementation of an Integrated Human Resources Plan and integration with departmental planning so as to ensure a match between operational needs and existing human resources
Information Management Management of information (e.g., system, accuracy of information) to support decision-making and reporting	• Implementation of a strategy to clarify procedures for disposition of grants and contributions files • Execution of work for implementation of an electronic document management system • Implementation of a new information classification model
Control Control system linked to program delivery and management of corporate finances	• Conducting of an evaluation of the effectiveness of internal controls and departmental systems for financial reporting which shows that controls are in place and are adequately designed and documented
Receivables Risk of growing number of bad debts	• Establishment of a file handling process, including mechanisms for evaluation, follow-up and classification of files • Adequate recruitment of collection resources
Citizen-focussed Services Deployment of new service delivery strategy	• Implementation of the Service Delivery Strategy, which will include a feedback management process • Establishment of a service delivery quality circle whereby internal consultations can be carried out and inter-sectoral support obtained • Periodic presentation of progress reports to the customer service management committee

[8] These risks are associated with attainment of the results of PAA program activities.

1.6 Summary of Performance

This section provides an overview of planned and actual financial resources (grants and contributions, and operations) and human resources expressed as full-time equivalents (FTEs), along with a summary table portraying the Agency's performance in 2011–12.

2011–12 Financial Resources *(in thousands of dollars)*

Planned Spending	Total Authorities*	Actual Spending*
298,903	323,484	305,921

**Excludes amount allocated to Shared Services Canada.*

Variance Between Planned Spending and Total Authorities

The variance between planned spending and total authorities is primarily attributable to the deferral of funding for the *Recreational Infrastructure Canada* (RInC) program and the *Temporary Initiative for the Strengthening of Quebec's Forest Economies* from 2010–11 to 2011–12.

Variance Between Total Authorities and Actual Spending

Most of the authorities obtained for 2011–12 were spent. The variance between total authorities and actual spending is largely attributable to *Support Initiative for International Cruise Development on the St. Lawrence and Saguenay Rivers* and RInC projects which were not implemented on the scale or at the pace anticipated.

Furthermore, amounts totalling some $4 million were deferred to 2012–13, including for the *Linguistic Duality Economic Development Initiative.*

2011–12 Human Resources *(FTEs)*

Planned	Actual	Difference
399	406	7

The variance of seven FTEs primarily represents additional resources hired to deliver the programs and initiatives listed above for which new funding was awarded, and to meet the Agency's various operational needs.

Progress Toward Strategic Outcome:
A Competitive and Diversified Economy for the Regions of Quebec

Performance Indicators	Five-year Target (2007–08 to 2011–12)	2011–12 Performance[9]
Impact of dollars spent by the Agency on GDP and employment Survival rate and sales of SMEs supported by the Agency	The competitiveness and economic diversification of the regions of Quebec are maintained or increased.	**Leverage Effect:**[10] The amount of multiyear financial assistance approved by the Agency for supporting Quebec communities and SMEs stood at $775.6 million and generated $1.81 billion in investment by promoters and other funding sources. $1 from the Agency = $2.33 in investment by the promoter and other funding sources **Incentive Aspect of Assistance:** The evaluations of the *Community Diversification*[11] and *Business and Regional Growth*[12] programs indicate that without the assistance received from the Agency, it would have been impossible to carry out 82.9% of the projects. **Survival Rate:**[13] Enterprises receiving Agency assistance posted a higher survival rate than comparable enterprises. Thus, 72.6% of enterprises assisted in 2002 were still in operation seven years later (2009), compared with 68.5% for enterprises in the control group. **Sales:** During the period 2002–09, enterprises which received financial support from the Agency posted stronger sales growth performance than a control group consisting of comparable enterprises which did not receive Agency support. Thus, the sales of Agency-supported enterprises rose by 72% between 2002 and 2009, whereas those receiving no Agency support saw their sales increase by an average of 47%.

[9] This is based on performance information available in 2011–12. Thus, the leverage effect is calculated on the basis of projects in progress in 2011–12, i.e., projects for which an expenditure was made during the year. As to data on SMEs' survival rate and sales, since these are results observable after projects are completed, they are calculated on the basis of projects supported by the Agency between 2002 and 2008, under the old IDEA-SME program and the *Business and Regional Growth* program.

[10] The leverage effect presented in this report, as calculated by the Agency, compares financial assistance approved by the Agency with funding from the promoter and other funding sources. The leverage effect excludes funding associated with the Infrastructure program activity.

[11] www.dec-ced.gc.ca/eng/publications/agency/evaluation/2011/260/about.html

[12] www.dec-ced.gc.ca/eng/publications/agency/evaluation/2011/259/about.html

[13] The data presented on enterprises' survival rate and sales come from the study: *Agence de développement économique du Canada pour les régions du Québec, Étude d'impact économique (Economic impact study)* 2002-2008, Statistics Canada, May 2011.

Performance Summary, Excluding *Internal Services* (in thousands of dollars)[14]

Program Activity	2010–11 Actual Spending	2011–12[15] Main Estimates	Planned Spending	Total Authorities[16]	Actual Spending	Alignment to Government of Canada Outcomes
Community Development	136,939	152,931	152,931	140,936	130,267	Strong economic growth
Infrastructure	79,161	342	342	21 773	16,659	Strong economic growth
Special Intervention Measures	108,511	0	0	0	0	Strong economic growth
Enterprise Competitiveness	86,375	93,702	93,702	87,958	87,827	Strong economic growth
Competitive Positioning of Sectors and Regions	39,413	22,744	22,744	42,251	42,245	Strong economic growth
Policies, Programs and Initiatives	5,712	5,247	5,675	5,161	5,914	Strong economic growth
Total[17]	456,111	274,966	275,394	298,079	282,912	

Performance Summary for *Internal Services* (in thousands of dollars)

Program Activity	2010–11 Actual Spending	2011–12 Main Estimates	Planned Spending	Total Authorities*	Actual Spending*
Internal Services	23,895	21,584	23,509	25,405	23,009

*Excludes amounts allocated to Shared Services Canada.

[14] This table includes grants and contributions expenditures and operating expenditures.

[15] Main Estimates are tabled in Parliament prior to the start of the fiscal year. Planned spending comprises the Main Estimates as well as additional authorities at the time of publication of the *Report on Plans and Priorities*. Total authorities therefore represent Main Estimates plus Supplementary Estimates for the year ending March 31, 2012. The Agency's total actual expenditures correspond to actual expenditures as indicated in the Public Accounts.

[16] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

[17] Since figures are rounded, they may not add up to the total indicated.

The 36% reduction in spending between 2010–11 and 2011–12 is primarily attributable to the termination of most *Canada's Economic Action Plan* (CEAP) initiatives on March 31, 2011. Once the CEAP initiatives terminated, the Agency reverted to its regular budget base.

Explanations concerning expenditures made under the CEAP initiative which continued in 2011–12—RInC—are presented in subsection 2.10, entitled *Summary of Canada's Economic Action Plan Initiatives.*

For the Infrastructure program activity, total authorities and actual spending are considerably higher than planned spending. This increase is attributable to the reprofiling of funds unused in 2010–11 for RInC, and the bringing forward of completion of construction work on a gas pipeline between Vallée-Jonction and Thetford Mines. Detailed explanations with respect to expenditures made for each program activity are also available in section 2.

Contribution to the *Federal Sustainable Development Strategy*

The *Federal Sustainable Development Strategy* (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision-making by articulating its key environmental goals and targets. The Agency ensures that consideration of these outcomes is an integral part of its decision-making processes. It contributes to the following FSDS themes as denoted by the visual identifiers and associated program activities below.

Theme I Addressing Climate Change and Air Quality	Program activity: *Community Development* Program activity: *Enterprise Competitiveness*
Theme IV Shrinking the Environmental Footprint - Beginning with Government	Program activity: *Internal Services*

During 2011–12, the Agency considered the environmental effects of initiatives subject to the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals.*[18] Through the strategic environmental assessment process, departmental initiatives were found to have positive environmental effects on goals and targets in *Theme I – Addressing Climate Change and Air Quality.* Further information on the results of strategic environmental assessments is available on the Agency's website.[19]

More detailed information on Agency activities in support of sustainable development is available in section 2 of this *Departmental Performance Report* and on the Agency's website.[20]

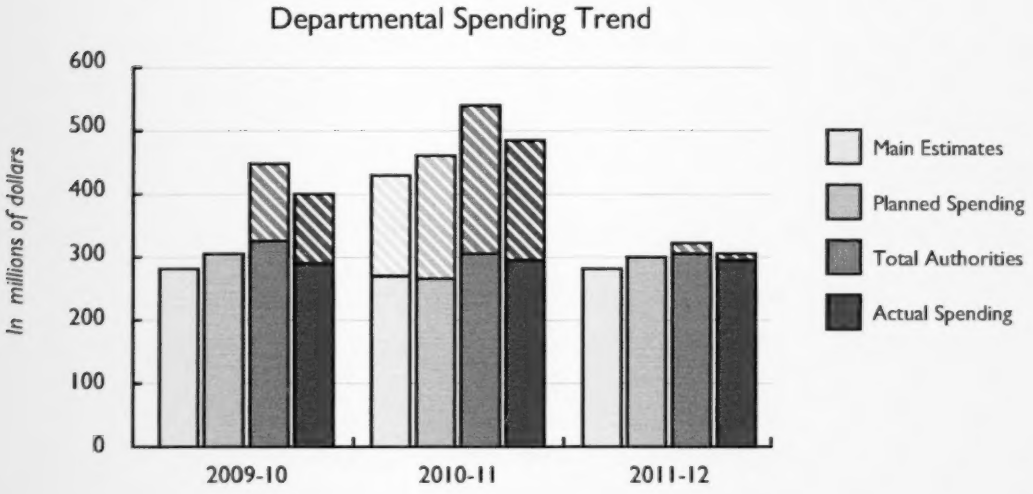
Further information on the FSDS is also available on the Environment Canada website.[21]

[18] www.ceaa.gc.ca/default.asp?lang=En&n=B3186435-1
[19] www.dec-ced.gc.ca/eng/agency/environmental-affairs/statements.html
[20] www.dec-ced.gc.ca/eng/agency/environmental-affairs/environment.html
[21] www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1

1.7 Expenditure Profile

The Agency's actual expenditures for 2011–12 totalled $306 million, including $252.6 million in grants and contributions.

The figure below shows the Agency's spending trend over the past three years. The hatched part of the columns represents the CEAP portion included, as applicable, in the Agency's Main Estimates, planned spending, total authorities and actual spending.



Explanation of Variances

CEAP has had an impact on spending trends in the past few years. In fact, spending associated with CEAP initiatives in 2009–10 stood at $113.1 million and increased in 2010–11, reaching $202.3 million. CEAP initiatives terminated on March 31, 2011, except for RInC, which continued until October 31, 2011. The Agency therefore saw its spending decline in 2011–12 and, all in all, returned to its regular budget base.

For 2011–12, the variance between planned spending and total authorities is primarily attributable to the awarding of supplementary appropriations, including funds for:

- supporting construction activity associated with recreational infrastructure, under RInC; and
- strengthening and increasing economic activity in areas affected by the forestry crisis so as to create and maintain employment there, through the TISQFE.

This variance is also partly attributable to implementation of the 2010 Strategic Review, which translated into a smaller grants and contributions budget.

During the same year, the Agency spent close to 95% of the authorities obtained. The variance between actual spending and authorities is relatively minor. Part of the unused funding was carried forward to 2012–13.

Canada's Economic Action Plan

From 2009–10 to 2011–12, the Agency paid out $328.6 million in support for CEAP. As planned, initiatives implemented by the Agency under that action plan terminated on March 31, 2011, with the exception of RInC, which terminated seven months later. Thus, in 2011–12, actual spending associated with CEAP, and more specifically with RInC, amounted to some $13.2 million (including operating expenditures).

1.8 Estimates by Vote

Information on the Agency's organizational votes and statutory expenditures is presented in the *Public Accounts of Canada 2012* (Volume II). An electronic version of the Public Accounts may be found on the Public Works and Government Services Canada website under *Public Accounts of Canada 2012*.[22]

[22] www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html

2 ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

This section provides information on the Agency's strategic outcome, challenges and program activities.

2.1 Strategic Outcome: *A Competitive and Diversified Economy for the Regions of Quebec*

This strategic outcome reflects the object of the *Act establishing the Economic Development Agency of Canada for the Regions of Quebec*,[23] which came into effect on October 5, 2005: to promote the development and diversification of the economy of the regions of Quebec.

> The Agency's contributions to Quebec communities and SMEsgenerated a leverage effect of 2.33. The $775.6 million approved in multiyear financial assistance generated $1.81 billion in investment by promoters and other funding sources.

Challenges Associated With the Strategic Outcome

For Communities

Quebec communities are affected by the economic situation in different ways, depending on their industrial structure.

The economy of many Quebec communities located far from major urban centres is undiversified and based primarily on the harvesting of natural resources. Owing to their heavy dependency on a small number of industries or sectors, these communities are more sensitive to economic fluctuations. On the one hand, high metal prices and the implementation of the Quebec government's *Plan Nord* over the past year have stimulated mining communities' economic activity. On the other hand, the slow pace of the economic recovery in the United States and the difficulties still being experienced by the U.S. real property sector continued to be hard on Quebec's forestry communities. Diversification of these communities' economy remains a significant challenge.

As to communities whose economies are based more on the manufacturing sector, they have to continue to adjust to the strong Canadian dollar and competition from emerging nations. To be able to take advantage of globalization and attract investment, several communities have promoted their assets and invested in upgrading their transportation and communication infrastructure. By fostering the development of competitiveness poles and initiatives involving joint action among economic agents, communities strengthen manufacturing firms' competitiveness in relation to competition from emerging countries.

Over the past year, the Agency has helped Quebec communities increase the dynamism of

[23] laws-lois.justice.gc.ca/eng/acts/E-1.3/index.html

their economy, notably by supporting projects concerning diversification, entrepreneurial development, infrastructure, promotion of assets and mobilization of regional stakeholders.

For SMEs

Competition from emerging nations along with the strong Canadian dollar continued to generate downward pressure on profit margins and is forcing SMEs to turn toward higher value-added production.

In this context, SMEs have invested significantly in buildings and in machinery and equipment over the past year. These acquisitions have enabled them to expand their work areas and modernize their production chains with a view to increasing their productivity and competitiveness.

Over the past year, the Agency continued to help Quebec SMEs in their growth and competitive positioning efforts, notably by supporting projects involving increased production and innovation capability, market development, commercialization and structuring of sectors.

Program Activities in Line With the Strategic Outcome

In 2011–12, in line with its strategic outcome, the Agency intervened in five areas of activity:

- *Community Development*
- *Infrastructure*
- *Enterprise Competitiveness*
- *Competitive Positioning of Sectors and Regions*
- *Policies, Programs and Initiatives*

These program activities were implemented in the form of financial assistance and development support services accessible through the Agency's business offices and an Infrastructure Directorate. In addition, to support the design and implementation of policies and programs, the Agency analysed the needs of Quebec regions and communities with respect to economic development, in conjunction with its federal and Government of Quebec partners.

Program activities contribute to the attainment of one of the outcomes targeted by the Government of Canada: Strong economic growth. Indeed, observations drawn from the evaluations of the *Community Diversification* and *Business and Regional Growth* programs show that the Agency's two principal programs are aligned with government priorities, and are complementary to intervention from the different levels of government.

In this *Departmental Performance Report*, each program activity has a descriptive section, a section presenting the performance summary and analysis of the program activity, and a section on lessons learned.

In the section presenting the performance summary, two types of performance data are available.[24] First, information is presented on projects for which the Agency made an expenditure in 2011–12, whose results presented are directly associated with expenditures made during that same year. There is also information on the final results targeted by projects funded and terminated prior to 2011–12, for which it was possible to gather data on results obtained over a longer term. These results are associated with expenditures made prior to 2011–12.

2.2 Program Activity: *Community Development*

Program Activity Description

This program activity enables Quebec regions and communities to maintain and develop their economic activity base by building on their own assets.

Three objectives underpin this program activity. The first, *Community Mobilization*, fosters communities' development and increases their mobilization by drawing up visions and projects of local and regional scope. The second, *Local Development*, assists communities through support for entrepreneurship and creation or maintenance of viable enterprises. The third, *Attractive Communities*, increases communities' ability to attract tourists and skilled individuals.

This program activity is primarily targeted at SMEs and NPOs. Two grants and contributions programs supported this program activity in 2011–12: the *Community Diversification* program, and the (Canada-wide) *Community Futures Program.*

2011-12

Financial Resources[25] *(in thousands of dollars)*			Human Resources (FTEs)		
Planned Spending	Total Authorities[26]	Actual Spending	Planned	Actual	Difference
152,931	*140,936*	*130,267*	*88*	*89*	*1*

[24] Further information is available in section 4.2, Additional Information, *Agency Performance Measurement Methodology*. Information on data sources and their processing and reliability is available in Appendix 1 of the DPR: *Technical Notes on Performance Data*.

[25] This table includes grants and contributions expenditures and operating expenditures.

[26] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

Variance Between Planned Spending and Total Authorities
Total authorities were 8% lower than planned spending. This variance is partly attributable to implementation of the 2010 Strategic Review, which led to a reduction in the grants and contributions budget. This decrease also stems from the reallocation of resources available in-house in order to bring forward, on the one hand, funding for construction of a gas pipeline between Vallée-Jonction and Thetford Mines and, on the other hand, to support large-scale projects associated with the *Competitive Positioning of Sectors and Regions* program activity.

Variance Between Total Authorities and Actual Spending
The 8% variance between total authorities and actual spending is attributable to the fact that certain projects were not implemented on the scale and at the pace anticipated. Part of the unused funding was carried forward to 2012–13.

Community Development Program Activity Performance Summary

Program Activity Expected Results	Performance Indicators	Targets[27]	Actual Results
Communities have capabilities for socio-economic adjustment, and support for emergence of new entrepreneurs and development of local and regional enterprises.	Number of communities supported so they mobilize around development challenges	40	34
	Number of individuals receiving entrepreneurship services	1,500	1,047[28]
	Number of local and regional enterprises being developed, maintained or established	430	1,039[29]
Regions attract tourists from outside Quebec and investment, and this generates economic spinoffs within communities.	Number of tourism products and services being developed, expanded or upgraded	75	101
	Number of tourism products and destinations being marketed outside Quebec	50	74
	Number of growth-generating tourism projects and community infrastructure projects supported	13	13

[27] CFP performance targets are not included.

[28] The way in which the actual result for this indicator is calculated has been revised with respect to data from organizations supported by the Agency which offer services to entrepreneurs and enterprises. This change affects the comparability of actual results with previous years and with the target established for 2011–12. Further details on how the results for this indicator are calculated are available in Appendix 1, *Technical Notes on Performance Data*.

[29] Idem

(a) Performance Summary and Analysis of Program Activity

Over the past year, the price of metals and farm products continued to rise, while the U.S. economy and its real property sector remained fragile. Quebec communities were affected in different ways by this situation, depending on their industrial structure. Thus, economic activity was stronger in mining and farming communities than in forestry and tourism-related communities.

The performance obtained by the Agency in 2011–12 with respect to the *Community Development* program activity met expectations. It also met one of the Agency's priorities in 2011–12: *Make Quebec communities stronger.*

The total value[30] of the 456 projects falling under this program activity in 2011–12 stood at $1.2 billion. An amount of $403.7 million came from the Agency on a multiyear basis. The leverage effect was therefore 2.04, i.e., for each $1 invested by the Agency, $2.04 was invested by the promoter and other funding sources.

Community Mobilization

Performance Observed From Projects Funded in 2011–12

The Agency supported 34 Quebec communities[31] in their mobilization efforts. Its support was aimed at developing their capabilities for consultation, planning and implementation of development and diversification initiatives.

Local and Regional Enterprises

Performance Observed From Projects Funded in 2011–12

In 2011–12, the Agency supported the creation, maintenance and development of 1,039 enterprises of local or regional scope, surpassing performance expectations compared with the target established in the RPP 2011–12. During the past year, the Agency also supported projects which enabled 1,047 individuals to receive entrepreneurship services.

[30] The total value of projects includes financial assistance awarded, on a multiyear basis, by the Agency and other partners, as well as other funding sources.

[31] The notion of community supposes the presence of individuals maintaining links with one another and their institutions within a defined geographical area in which social and economic activities are possible. In 2011–12, the Agency drew up a more specific definition of "communities." Thus, communities correspond to regional county municipalities (RCMs) or equivalent areas (e.g., Island of Montreal, City of Longueuil), or to administrative regions when the project is of regional scope. This more specific definition affects the comparability of the result obtained with previous years and with the target set for 2011–12.

Among projects supported to foster entrepreneurship:

Centre d'entrepreneuriat et d'essaimage de l'Université du Québec à Chicoutimi (CEE-UQAC)[32]

Description: Promotion of entrepreneurship among the student clientele of UQAC and the four regional colleges, while helping Saguenay–Lac-St-Jean SMEs benefit from the expertise available among science and engineering students in the institutions concerned.

Agency's Contribution: $699,000, out of total costs of $2.2 million.

Main Results: The Centre's activities have contributed to developing entrepreneurship among students and led to the creation of new enterprises. The Centre has provided individual consultations and group activities for clientele wishing to start out in business. As of March 31, 2012,[33] 55 individuals have received enterprise startup services. Among participants:

- 17 individuals have drawn up their business plan;
- 26 individuals have indicated their intention of starting out in business;
- 3 enterprises have been started up.

Extent of Achievement of Targeted Final Results

The Agency has observed that two years after the end of the funding provided, 72% of SMEs assisted since 2007 have maintained or increased their sales. This represents an increase of 2 percentage points compared with the result obtained in 2010–11.

Tourism and Community Facilities

Performance Observed From Projects Funded in 2011–12

In 2011–12, the Agency supported 101 projects targeting the development, expansion or enhancement of tourism properties and services, such as cruise piers and other tourist attractions. It thus supported 26 projects more than anticipated when the target was established, since these projects afforded attractive opportunities for reviving the tourism offering and increasing the number of visitors from outside Quebec.

The Agency also supported 74 projects for commercialization of tourism products and destinations, much the same number as the previous year. These were such projects as festivals and other major events aimed at increasing the number of tourists from outside Quebec and generating economic spinoffs within communities.

[32] http://www.uqac.ca/ceeuqac/cee/index2.php?off_uid=3&sec_uid=1

[33] This project, expected to run three years, is currently under way. Performance data presented constitute partial results, since they represent results achieved during the first year of project implementation. Moreover, certain expected results, such as enterprise startups, are rarely observed during the year of the expenditure. It will therefore be necessary to wait several years before the scope of project results is known.

The Agency also contributed, as planned, to the completion of seven growth-generating tourism projects, including the introduction of a rail shuttle, the *Train du Massif de Charlevoix*, and redevelopment of segments of the *Véloroute des Bleuets* bicycle route. Also, the Agency supported six projects targeting the development, expansion or modernization of community infrastructure. This included projects for development of industrial and tourism infrastructure and projects for the deployment of broadband networks.

Extent of Achievement of Targeted Final Results

The tourism industry was characterized over the past few years by a decline in tourism, a Canada-wide phenomenon. Despite this context, tourism projects supported by the Agency posted growth in the number of visitors and increased sales.

Thus, since 2007, 82% of the tourism products developed or commercialized increased their visits from tourists from outside Quebec.[34] Over the same period, 81% of the tourism products developed or growth-generating projects implemented increased their sales or self-generated revenues.

Community Futures Program

Under the *Community Futures Program* (CFP), the Agency provided financial support to local and regional development agencies, specifically 56 Community Futures Development Corporations (CFDCs) located in designated rural regions and 10 Business Development Centres (BDCs) in peri-urban areas. In 2011–12, the Agency spent $28.5 million to support these organizations.

As of March 31, 2012, CFDCs and BDCs had achieved the following results through their current projects:[35]

- a total of $83.5 million invested in startup enterprises
- 646 jobs generated in the 192 enterprises created
- 4,866 jobs created and maintained in the 439 expanding enterprises
- 1,248 enterprises in acquisition, recovery, expansion or modernization received guidance services.

In 2011–12, the Agency used Statistics Canada data to compare the performance of enterprises assisted under the CFP with that of similar enterprises not receiving financial assistance through that program. This analysis revealed that CFP results were positive. For instance, the percentage of annual employment growth is higher in enterprises assisted by CFDCs (+9.4%) than in the comparison group (+4.8%). The annual variation in sales follows the same trend, with a larger increase in enterprises supported by CFP (+13.4%) than in enterprises in the comparison group (+9.6%).

[34] This result is based on data provided by the promoters of tourism projects supported by the Agency.

[35] These are results for projects supported in 2011–12 only, and are therefore not cumulative.

Temporary Initiative for the Strengthening of Quebec's Forest Economies

Of the 456 projects supported which come under the *Community Development* program activity, the Agency funded, through the TISQFE,[36] 64 projects from communities affected by the forestry crisis, for a total of $20.1 million in contribution expenditures. These primarily involve projects aimed at the creation and development of local and regional enterprises, but also projects for community mobilization and development of the tourism offering.

Among the projects supported through the TISQFE is a Canada-Quebec Agreement, signed in 2011, which targets job creation and maintenance in the communities affected by the forestry crisis. The agreement therefore provides for the undertaking of reforestation and forest maintenance work which should lead to job creation in a traditional sector essential to the Canadian and Quebec economies, as well as contribute to the maintenance of a skilled labour force in regions affected by the forestry crisis. The joint contribution of the Government of Canada and the Government of Quebec amounts to $40 million over two years. The Agency paid out $12 million during the first year of implementation.

Economic Development Initiative

Through the *Economic Development Initiative* (EDI)[37] dedicated to official language minority communities in Quebec, the Agency over the last year also supported 20 diversification and entrepreneurship projects with positive impacts in English-speaking communities, for a total of $2.1 million in contribution expenditures.[38]

Support Initiative for International Cruise Development Along the St. Lawrence and Saguenay Rivers

The Agency also continued its support for international cruise development, in order to contribute to strengthening the economies of various regions and communities. It spent $9.6 million in 2011–12 to support 27 projects in connection with cruise development.

During the formative evaluation of this initiative,[39] all key stakeholders expressed themselves satisfied with it. Discussions held locally before the initiative was designed facilitated identification of needs and promotion of the initiative. For local stakeholders, the Initiative meets needs, since without government intervention it would be impossible to develop that sector.

Contribution to the *Federal Sustainable Development Strategy*

As part of its contribution to Theme I of the FSDS—*Addressing Climate Change and Air Quality*—the Agency funded, to the tune of $15.8 million, 36 projects, of which 14 come under the *Local and Regional Enterprises* program subactivity, to support community development.[40] These projects concern promoters who could, among other things, implement projects to optimize resource use, exploit residual resources and contribute to eco-efficiency, while ensuring enhanced performance for enterprises.[41]

[36] www.dec-ced.gc.ca/eng/programs/qedp/forest/index.html

[37] www.dec-ced.gc.ca/eng/programs/qedp/duality/index.html

[38] Another project, for which expenditures amounted to $99,894, was supported in 2011–12 under the EDI, but through the *Enterprise Competitiveness* program activity, bringing to 21 the total number of EDI projects supported during the past year.

[39] www.dec-ced.gc.ca/eng/publications/agency/evaluation/2011/264/about.html

[40] This is one of the program subactivities specifically targeted in the Agency's Sustainable Development Strategy.

[41] This result does not include projects funded by the Agency through intermediary groups, since the implementation of the strategy for collecting data from those promoters, in terms of sustainable development, was deferred.

Lessons Learned

The summative evaluation of the *Community Diversification* program showed that the conditions prevailing when that program was created still exist. In financial terms, most of the projects by SMEs and NPOs could not have been carried out without funding from the program.

Among documented results, the program evaluation noted that local and regional SMEs supported directly by the Agency increased or maintained their sales (79% of projects) and their number of jobs (91% of projects) despite the unfavourable economic context. Since the Agency did not set results targets for the program, it was not possible to know to what extent the program contributed to attaining the anticipated intermediate results. Since that evaluation, the Agency has resolved this challenge by developing targets for this type of activity.

2.3 Program Activity: *Infrastructure*

Program Activity Description

This program activity helps upgrade urban and rural municipal infrastructure in Quebec and enhance citizens' quality of life by investing in projects that improve the quality of the environment, sustain long-term economic growth, upgrade community facilities and establish 21st-Century infrastructure through the adoption of the best technology, new approaches and best practices.

In conjunction with the provinces, territories, municipalities, First Nations and the private sector, the Government of Canada has implemented different joint infrastructure programs. The Agency has the special mandate to manage the Canada-Quebec Agreement concerning infrastructure programs. Projects that contribute to attaining the program objectives are those which improve water quality, find solutions to the problem of wastewater discharge, foster the safe movement of individuals and goods, improve public transit and help enhance citizens' quality of life through the construction of infrastructure, facilities or buildings with urban or regional economic impact.

This program activity is primarily targeted at municipalities and NPOs.

2011-12

Financial Resources[42] *(in thousands of dollars)*			Human Resources (FTEs)		
Planned Spending	Total Authorities[43]	Actual Spending	Planned	Actual	Difference
342	*21,773*	*16,659*	*3*	*8*	*5*

The tables presenting financial and human resources for the *Infrastructure* program activity include resources associated with the *Recreational Infrastructure Canada* (RInC) program.

Total authorities were substantially higher than planned spending. This increase is attributable to the reprofiling for RInC of funding unused in 2010–11, and the bringing forward of completion of construction of a gas pipeline between Vallée-Jonction and Thetford Mines.

Actual spending for 2011–12 was 23% lower than authorities obtained. Actual expenditures depend on progress in the execution of infrastructure projects. Under agreements signed with the Government of Canada, the Quebec government prioritizes the selection of the projects and follows up on them.

Canada's Economic Action Plan Initiative

RECREATIONAL INFRASTRUCTURE CANADA PROGRAM

2011-12

Financial Resources[44] *(in thousands of dollars)*			Human Resources (FTEs)		
Planned Spending	Total Authorities[45]	Actual Spending	Planned	Actual	Difference
0	*16,793*	*13,228*	*0*	*4*	*4*

Information on planned spending and human resources for RInC was not available at the time the Agency's *Report on Plans and Priorities 2011–12* was prepared.

Actual spending for 2011–12 was 21% lower than authorities obtained. Actual expenditures depend on progress in the execution of projects. Under the agreement signed with the Government of Canada, the Quebec government prioritizes the selection of the projects and follows up on them.

[42] This table includes grants and contributions expenditures and operating expenditures.

[43] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

[44] This table includes grants and contributions expenditures and operating expenditures.

[45] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

Infrastructure Program Activity Performance Summary

RInC Expected Results[46]	Performance Indicators	Targets	Actual Results
Increase in economic opportunities	Demonstration of link between projects and economic opportunities	The impact is seen through examples and case studies.	See the *Performance Summary and Analysis* of Program Activity section.
Partnership with Quebec and communities	Level of investment by other participants (province, municipalities, etc.) compared with federal contribution	For each $1 of federal contribution, at least $2 comes from the other partners.	For $1 of federal contribution, $3.23 comes from the other partners.
Increase in construction activity related to recreational infrastructure	Number of projects successfully completed	As per agreement with Quebec government	209 projects were successfully completed.

Performance Summary and Analysis of Program Activity

The Agency contributes, through the delivery of several federal programs, to the upgrading of infrastructure in Quebec, in line with Government of Canada priorities. RInC, announced in January 2009 and administered by the Agency, is a CEAP initiative intended to provide short-term economic stimulus. Initially scheduled to last two years, this program has helped increase construction activity for the refurbishment of many recreational infrastructure facilities in Quebec, as well as creating jobs. In December 2010, the Government of Canada made the decision to extend the program so as to enable certain projects, on the basis of defined criteria, to be continued. RInC terminated on October 31, 2011.

In 2011–12, the Agency's performance with respect to the *Infrastructure* program activity met all expectations.

Performance Observed From Projects Funded under RInC

A total of 209 projects were carried out under RInC. Total federal contributions for RInC projects stood at $68.8 million, for $291.5 million in total costs.

[46] This table contains information relating solely to CEAP.

Among RInC projects contributing to a community's economic and sports development:

Modernization of André-Richard Arena

Description: Completion of various items of major rehabilitation work, in particular replacement of the refrigeration system and renovation of the building structure, at the André-Richard Arena in Beauharnois.

Agency's Contribution: $1 million, out of total costs of $3.9 million.

Main Results: A modern arena catering to the needs of some 500 recreational hockey players and skaters and the local population of Beauharnois, which can be used to host tournaments and competitions, as well as day camps during the summertime.

The Agency is also one of the federal partners responsible for the delivery of certain infrastructure programs through service charters with Infrastructure Canada. In this context, over the past year the Agency continued implementation of the Building Canada Fund (BCF) and the supplement to the BCF *Communities* component, which notably involved the introduction of projects for revitalization or construction of infrastructure for water supply, sewer systems and drinking water and wastewater treatment. The Agency also continued to manage the *Municipal Rural Infrastructure Fund* (MRIF) and the *Canada Strategic Infrastructure Fund* (CSIF) agreements. The performance summary with respect to the BCF, the MRIF, and the CSIF may be found in Infrastructure Canada's DPR.[47]

Contribution Program to Fund Construction of a Gas Pipeline Between Vallée-Jonction and Thetford Mines

The Agency supported construction of a gas pipeline between Vallée-Jonction and Thetford Mines with a view to providing the Thetford Mines area with access to natural gas. It spent $3 million in 2011–12 on this program, which is to terminate in 2014.

Lessons Learned

Following the Government of Canada's decision to extend the termination date of RInC to October 31, 2011, the Agency asked its partners to produce bimonthly follow-up reports on the progress of work and project completion dates. These made it possible to conduct improved project follow-up in order to ensure that they were completed in time.

[47] Refer to the Infrastructure Canada website at www.infc.gc.ca.

2.4 Program Activity: *Special Intervention Measures*

Program Activity Description

This program activity assists communities and regions undergoing major economic shocks. In such situations, when additional dedicated funding is made available from the Government of Canada, the Agency temporarily puts in place special adjustment measures enabling communities to support their economic activity and initiate steps to help them find a new balance or economic stability.

No expenditures were made in 2011–12 with respect to this program activity.

2.5 Program Activity: *Enterprise Competitiveness*

Program Activity Description

This program activity helps enterprises perform better and be more competitive by enhancing productivity and increasing earned revenue; this contributes to creating conditions conducive to sustainable growth.

Two objectives underpin this program activity. The first, *Development of Enterprises' Capacity*, fosters the improvement of capabilities with respect to management, innovation, adoption of advanced technology, market development, and integration with globalized production chains. In particular, it encourages support for organizations dedicated to improving SMEs' strategic capabilities in order to enhance their performance and contribute to their adjustment. The second objective, *Strategic Enterprises*, supports the establishment and first phases of expansion of enterprises in economic activities deemed strategic for a region's development so as to consolidate its economic base.

This program activity is targeted primarily at SMEs and NPOs, and was supported in 2011–12 by the *Business and Regional Growth* grants and contributions program.

2011-12

Financial Resources[48] *(in thousands of dollars)*			Human Resources (FTEs)		
Planned Spending	Total Authorities[49]	Actual Spending	Planned	Actual	Difference
93,702	*87,958*	*87,827*	*85*	*82*	*(3)*

Total planned spending is 6% higher than authorities. This variance is primarily attributable to the reallocation of resources available in-house to support large-scale projects associated with the *Competitive Positioning of Sectors and Regions* program activity. Nearly all available authorities were spent.

[48] This table includes grants and contributions expenditures and operating expenditures.

[49] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

Enterprise Competitiveness Program Activity Performance Summary

Program Activity Expected Result	Performance Indicators	Targets	Actual Results[50]
Enterprises assisted are high-performance and competitive.	Number of enterprises supported in strategic management, market development or value chain management	1,150	4,280
	Number of innovative enterprises involved in an innovation management approach	200	679
	Number of innovative enterprises in startup or pre-startup phase	100	153

Performance Summary and Analysis of Program Activity

Over the past year, despite the context of uncertainty and the slow pace of economic recovery, Quebec SMEs have taken advantage of the strong Canadian dollar and low interest rates to invest significantly in buildings and in machinery and equipment. These acquisitions have enabled them to expand their work areas and modernize their production chains with a view to increasing their productivity and competitiveness.

That is the context in which the Agency helped SMEs become more competitive by supporting them, in particular, in their projects targeting greater productivity, enhanced capabilities for development and commercialization of innovative products and processes, and in new market development.

The performance obtained by the Agency in 2011–12 with respect to the *Enterprise Competitiveness* program activity surpassed the expectations presented in the corresponding RPP. It met one of the Agency's priorities: *Help SMEs Become More Competitive.*

The total value of the 483 projects under this program activity in 2011–12 amounted to $926 million, of which $193.2 million came from the Agency on a multiyear basis. The leverage effect was therefore 3.79, meaning that for each $1 invested by the Agency, $3.79 was invested by the promoter and other funding sources.

[50] The way in which actual results for these indicators are calculated has been revised with respect to data from intermediary groups, i.e., organizations supported by the Agency which provide services for enterprises. Also, following improvements made to the tracking of performance data, the Agency has a higher rate of data available from intermediary groups than the previous year, at 95%, compared with 60% in 2010–11, for the first two indicators. These improvements affect the comparability of actual results with previous years and with the targets set for 2011–12. Further details on how data are calculated for these indicators are available in Appendix 1, *Technical Notes on Performance Data.*

Enterprises' Strategic Capabilities

Performance Observed From Projects Funded in 2011–12

In 2011–12, the Agency supported, directly or through intermediary groups, development of strategic capabilities and implementation of development projects in 4,280 enterprises, including 670 in strategic management, 2,475 in market development and 1,135 in value chain management.

Among enterprises supported for development of their strategic capability:

Acquisio inc[51]

Description: Acquisio is an enterprise of international scope located in Saint-Lambert which provides marketing search engine services to major corporations. In particular, it targets commercialization on the European and U.S. markets of software to manage advertising campaigns for the purchase of keywords on search engines.

Agency's Contribution: $480,000, out of total costs of $960,000.

Main Expected Results: Investment of $960,000 and the creation of 11 new jobs.

Over the past year, a special effort was made by the Agency to support projects targeting enhanced productivity. Thus, in 2011–12 it devoted 18.6% of its grants and contributions spending[52] to supporting value chain management projects, whereas since 2007–08 it had been earmarking an average of 11.4% of its spending to such projects. These are usually short-term projects, whose main activity is the purchase of equipment to support the production chain. In addition, the Agency also helped 679 enterprises involved in innovation management approaches.

The Agency also continued its support in 2011–12 for the two Canada Business Network services centres in Quebec: Info entrepreneurs in Montréal, and Ressources entreprises in Québec City. These service centres provide information and referral services to guide entrepreneurs toward specialized resources. These two centres responded to close to 23,500 information requests over the past year.

[51] www.acquisio.com

[52] These are grants and contributions paid out under the Agency's regular programs.

Extent of Achievement of Targeted Final Results

Two years after Agency funding ended, 51% of enterprises receiving assistance since 2007 in the development of their strategic capabilities maintained or increased their sales, whereas 42% of enterprises increased their international sales. The strong Canadian dollar and difficulties encountered by SMEs with exporting to the USA, Canada's main economic partner, were factors that limited the results attained.

Furthermore, cumulative results gathered over the past five years at the Agency showed that, two years after funding ended, 52% of enterprises receiving assistance for management of their value chain saw their productivity increase. Analysis of the results obtained annually revealed that the proportion of enterprises assisted which increase their productivity is tending to grow over time. Between 2007 and 2009, 42% of enterprises supported saw their productivity rise, up from 55% in 2010 and 59% in 2011.

Strategic Enterprises

Performance Observed From Projects Funded in 2011–12

The Agency supported 153 innovative enterprises in startup or pre-startup phase, notably through business incubators; this corresponds to the number of enterprises receiving assistance the previous year. The Agency also helped 10 companies whose investment should have a major impact on jobs or surrounding enterprises, particularly among local subcontractors.

Extent of Achievement of Targeted Final Results

Two years after funding ended, 73% of innovative enterprises in startup phase that were helped directly by the Agency since 2007 were still in operation, despite the fact that these were mainly high-risk projects in view of the uncertainty concerning the profitability of innovation.

Temporary Initiative for the Strengthening of Quebec's Forest Economies

Of the 483 projects supported in 2011–12 that fell under the Enterprise Competitiveness program activity, the Agency backed, through the TISQFE, 70 projects from communities affected by the forestry crisis, totalling contribution expenditures of $9.2 million. Most of these projects concerned development of enterprises' capability with regard to value chain management and innovation management.

Contribution to the *Federal Sustainable Development Strategy*

As part of its contribution to Theme I of the FSDS – *Addressing Climate Change and Air Quality* – the Agency funded 65 projects, to the tune of $14.3 million, to support enterprise competitiveness. These projects are included in the two program subactivities specifically targeted in the Agency's *Sustainable Development Strategy*, namely, *Enterprises' Strategic Capabilities* and *Strategic Enterprises*. These projects target promoters who could, among other things, start up enterprises in green sectors or implement projects to optimize resource use, exploit residual resources or contribute to eco-efficiency, while enhancing enterprises' competitiveness.[53]

Lessons Learned

The summative evaluation showed that the Agency's intervention in relation to enterprises contributed to increasing their sales. This increase was higher for projects targeting innovation management. In that regard, projects supported by the Agency under the *Strategic Enterprises* program subactivity, and primarily *Pre-startup and Startup of Innovative Enterprises*, generated jobs, thus contributing to strengthening the regions' economic base.

This sound performance is confirmed by the Statistics Canada study which demonstrates that enterprises supported by the Agency during 2002–2009 performed better than a group of comparable enterprises in terms of their sales growth, productivity (sales per employee) and survival rate. The Agency plans to continue carrying out this study on the economic impact in conjunction with Statistics Canada in order to measure the long-term benefits of intervention with respect to enterprises and determine the net effect of intervention.

2.6 Program Activity: *Competitive Positioning of Sectors and Regions*

Program Activity Description

This program activity improves regions' international competitiveness by enhancing their competitive advantages on the world stage. It has two objectives. The first, *Growth Poles*, develops and consolidates growth poles by fostering innovation and networking among knowledge players (universities, research institutes and centres, enterprises and groups of enterprises, and technology brokers), development of a critical mass of knowledge, and enhancement and transfer of technology.

The second objective, *International Promotion of Regions*, involves enhancing the international competitiveness of Quebec regions through integrated promotion of locational factors (labour force, market access, infrastructure, costs, etc.), attraction of direct foreign investment and reinvestment by foreign enterprises already established in Quebec.

[53] This result does not include projects funded by the Agency through intermediary groups, since the implementation of the strategy for collecting data from those promoters, in terms of sustainable development, was deferred.

This program activity mainly targets SMEs and NPOs and is supported by the *Business and Regional Growth* grants and contributions program.

2011-12

Financial Resources[54] *(in thousands of dollars)*			Human Resources (FTEs)		
Planned Spending	Total Authorities[55]	Actual Spending	Planned	Actual	Difference
22,744	*42,251*	*42,245*	*11*	*17*	*6*

Total authorities were 86% higher than planned spending. This difference is largely attributable to the awarding of contributions for three projects, including the INO (national optics institute), for which the authorities for 2011-12 were $18.7 million, a sum which was not anticipated at the time the Agency's RPP 2011–12 was prepared. Almost all the available authorities were spent.

Competitive Positioning of Sectors and Regions Program Activity Performance Summary

Program Activity Expected Result	Performance Indicators	Targets	Actual Results
Sectors and regions enhance their competitive positioning.	Number of clusters and networks in development in niches defined by business offices	15	17
	Number of institutions supported for performing technology transfer in co operation with enterprises	10	28

Performance Summary and Analysis of Program Activity

In the face of enterprises' increasing globalization, stronger competitive pressure and the growing importance of integrating with global value chains, Quebec enterprises and regions have to collaborate more closely in order to stand out on international markets. In supporting the development of competitiveness poles and the promotion of Quebec communities, the Agency contributes to enhancing enterprises' and communities' international competitiveness and integrating them into the knowledge economy.

Overall, the performance obtained by the Agency in 2011–12 with respect to the *Competitive Positioning of Sectors and Regions* program activity surpassed the targets established in the corresponding RPP.

The total value of the 89 projects falling under this program activity in 2011–12 stood at $433 million. Of this amount, $178.4 million came from the Agency on a multiyear basis. The leverage effect was therefore 1.43, meaning that for each $1 invested by the Agency, $1.43 was invested by the promoter and other funding sources.

[54] This table includes grants and contributions expenditures and operating expenditures.

[55] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

Growth Poles

Performance Observed From Projects Funded in 2011–12

In 2011–12, 17 business networks and sectoral clusters in development in priority areas were supported by the Agency, to the tune of $1.6 million. This support was aimed at the carrying-out of plans and studies with a view to developing their capabilities, as well as the implementation of development projects with enterprises.

The Agency also supported 28 centres for technology transfer. Notably, it continued its support, initiated in 2010–11, for the purchase of specialized equipment, with a view to helping college technology transfer centres (CTTC) offer services to enterprises aimed at enhancing their innovation capabilities.

The Agency supported technology transfer projects aimed at improving the competitive positioning of a sector experiencing strong global growth. One such project was:

Biopterre - Bioproducts Development Centre[56]

Description: Support for this CTTC located in the Bas-Saint-Laurent region is aimed at enabling it to acquire equipment for biomass conversion and development of bio-products with a view to increasing this centre's intervention capability with respect to its clientele. Innovations associated with biomass and biochar have applications in several sectors, such as energy and environment, and industrial applications.

Agency's Contribution: $680,850, out of total costs of $801,000.

Main Results: Will enable enterprises to benefit from comprehensive guidance in the execution of technological development projects concerning products and processes for the entire biomass and biochar value chain. It will also foster the exploitation of residues for high-potential alternative uses.

Extent of Achievement of Targeted Final Results

Since 2007, Agency support with respect to research and development centres has contributed to the completion of 1,370 technology research and development projects. These innovative projects enable SMEs to adopt technology and be more productive, so they are better able to meet the demands of tomorrow's economy.

[56] http://www.biopterre.com/

International Promotion of Regions

Performance Observed From Projects Funded in 2011–12

Over the past year, two international promotion agencies enhancing the locational factors of Quebec regions received Agency support. Montréal International, one of the two organizations supported, conducted a study in 2011 on the main attractions in Montréal.[57]

Extent of Achievement of Targeted Final Results

Projects for international promotion of regions supported since 2007 have fostered the establishment of or reinvestment by 116 foreign firms in Quebec, including 28 in 2011–12, as well as support for establishment or maintenance of 17 international organizations (IOs), 15 of which are still established. According to a study conducted for Montréal International, the recurrent net economic spinoffs from international organizations established in Montréal are significant. In 2010, the value-added generated by IOs established in Montréal was gauged at $219 million.[58]

Temporary Initiative for the Strengthening of Quebec's Forest Economies

Of the 89 projects supported in 2011–12 which came under the *Competitive Positioning of Sectors and Regions* program activity, the Agency supported, through the TISQFE, 12 projects targeted primarily at the execution of technology transfers, for which contribution expenditures amounted to $2.2 million.

Lessons Learned

For the *Competitiveness Poles and International Promotion of Regions* program subactivities, the quantitative data gathered following the summative evaluation of the *Business and Regional Growth program* do not make it possible to gauge the contribution to results. The results obtained by NPO projects have to be observed in the NPOs' own clientele, and this makes longer-term performance tracking harder for the Agency, since few organizations have this tracking capability.

The three case studies conducted nevertheless illustrated how NPOs supported financially by the Agency have contributed positively, through their action (involving technology transfer, networking and international promotion) with respect to enterprises, to the development of poles or sectors. Performance measurement strategies for the QEDP, in effect since April 1, 2012, will include a data collection strategy leading to better documentation of the results of projects implemented through NPOs offering services to enterprises.

[57] *Greater Montréal: A Brain Powered Economy. Attractiveness Indicators 2011-2012* is available at: www.montrealinternational.com/publications-invest.

[58] SECOR, *Les retombées économiques associées aux activités des organisations internationales- une réactualisation pour 2010 (Economic spinoffs associated with international organizations: update for 2010)*, submitted to Montréal International, April 2012.

2.7 Program Activity: *Policies, Programs and Initiatives*

Program Activity Description

This program activity enables Quebec regions and communities to benefit from adapted, consistent and effective federal action that produces socio-economic spinoffs, notably by generating and disseminating economic development knowledge that is helpful to development agents and by seizing business and development opportunities. Four objectives underpin this program activity: analysis and research; policies and programs; representation and influence; and co operation and collaboration.

2011-12

Financial Resources[59] *(in thousands of dollars)*			Human Resources (FTEs)		
Planned Spending	Total Authorities[60]	Actual Spending	Planned	Actual	Difference
5,675	*5,161*	*5,914*	*44*	*47*	*3*

The difference between planned spending, total authorities and actual spending represents normal variance under regular management of operations.

Policies, Programs and Initiatives Program Activity Performance Summary

Program Activity Expected Result	Performance Indicators	Targets	Actual Results
The Agency's policies, programs and initiatives are aimed at reinforcing the economy of communities and regions.	Number and nature of research projects carried out in connection with regional development issues	Research projects are carried out in connection with regional development issues.	Three out of the five research projects approved were completed in 2011–12.
	Number and nature of policies developed and initiatives implemented	Policies, programs and initiatives correspond to the development needs of Quebec enterprises and communities.	The Agency modernized, simplified and adapted its different intervention tools, including its programs.
	Number of events (e.g., missions, awareness days, etc.) piloted by the Agency in Quebec to promote SMEs' capabilities	Under the *Industrial and Regional Benefits Policy*, events are held in co-operation with partners in order to meet needs established by prime contractors.	The Agency took part in 11 forums and conferences, in which more than 200 enterprises in Quebec participated, under the *Industrial and Regional Benefits Policy*.

[59] This table includes grants and contributions expenditures and operating expenditures.

[60] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

Performance Summary and Analysis of Program Activity

The performance obtained by the Agency in 2011–12 with respect to the *Policies, Programs and Initiatives* program activity met expectations. The Agency took steps with regard to each of the objectives associated with the program activity, with a view to increasing communities' vitality and reinforcing the competitiveness and performance of Quebec enterprises and regions.

Analysis and Research

Research projects in relation to regional development issues were carried out. Under the *Regional Development Research* program, whose objective is to generate and disseminate regional economic development knowledge that is helpful for development agents, the Agency approved five projects following the call for proposals launched in 2009, of which three were completed in 2011–12:

1. Study on Assistance with the Internationalization of Small and Medium-Size Quebec Enterprises[61]
2. Integrating Quebec SMEs Into Production Networks: A Spur to Competitiveness[62]
3. SME Manufacturers in Quebec: Adding Services to Boost Competitiveness and the Bottom Line[63]

The Agency also took part in research collaboration agreements which led to the completion of eight studies and 12 presentations with the Conference Board of Canada's International Trade and Investment Centre and the publication of 28 newsletters from the Smart Practices Innovation Network.

Policies and Programs

In 2011–12, the Agency modernized, simplified and adapted its intervention tools, including its Program Activity Architecture, performance measurement framework, *Quebec Economic Development Program* and priorities, and the tools associated with their implementation. The Agency thus enjoys harmonized, simplified programs, policies and initiatives leading to coherent intervention, in line with government priorities and corresponding to the development needs of Quebec enterprises and communities.

The work carried out by the Agency with respect to its policies and programs meets one of the Agency's priorities for 2011–12: *Update Policy Directions and Develop New Programs.*

Representation, Influence and Collaboration

In 2011–12, the Agency revamped its efforts with respect to representation, influence and collaboration, targeting them more closely, while aligning them more tightly with government priorities. These efforts enabled Quebec regions and communities to be better informed and equipped to influence government action with respect to economic development so it is more closely geared to the regions' specific realities. The Agency is also building more than ever on concerted action with federal and other partners, as issues, needs or opportunities arise.

[61] http://chairetechno.esg.uqam.ca
[62] http://www.conferenceboard.ca/e-library/abstract.aspx?did=4687
[63] http://www.conferenceboard.ca/e-library/abstract.aspx?did=4686

More specifically, the efforts deployed by the Agency over the past year translated into:

- Participation by the Agency in 11 forums and conferences within the framework of implementation of the *Industrial and Regional Benefits Policy* (including eight Canada-wide and three international events)

  The Agency's participation in these forums and conferences facilitated the holding of more than 40 meetings bringing together the Agency with national and international prime contractors involved in major government procurement projects. These strategic gatherings led to the staging of five industry days and six awareness days, in which more than 200 Quebec enterprises took part. For instance, in February 2012, the Agency organized an industry day with General Dynamics Land Systems – Canada (GDLS) to help that corporation identify potential partners in the project to upgrade light armoured vehicles. In all, GDLS met with 34 SMEs and, to date, a number of them have initiated discussions concerning subsequent steps.

- Collaboration with the other federal agencies responsible for government-wide funds and initiatives. This collaboration led to increased promotion of those initiatives and funds, in particular the *Investments in Forest Industry Transformation*[64] program, *Canada's Federal Tourism Strategy*[65] and the *ecoENERGY Innovation Initiative*[66], to regional stakeholders, and to a better understanding on the part of national authorities of the capabilities existing in the regions. This intervention also made it possible to carry out promotion to Quebec enterprises and organizations and encourage them to take part by forming consortiums.

Lessons Learned

In line with its policies and programs, the Agency simplified its Program Activity Architecture (PAA) and its regular program so as to ensure simpler, clearer reporting. The Agency's *Report on Plans and Priorities 2012–13* was drafted on the basis of the new PAA. The Agency has also upgraded its performance measurement tools so as to increase the reliability of the data collected and reduce the administrative burden. The number of performance indicators has thus been significantly reduced, while the timeliness of the information to be gathered in that regard has been increased.

[64] http://cfs.nrcan.gc.ca/pages/232?lang=en_CA
[65] http://www.tourism.gc.ca/eic/site/034.nsf/eng/h_00002.html
[66] http://www.nrcan.gc.ca/energy/science/2003

2.8 Program Activity: *Internal Services*

Program Activity Description

Internal services are groups of related activities and resources that are administered to meet the needs of an organization's programs and other general obligations. They include: management and monitoring services; communications services; legal services; human resources management services; financial management services; information management services; information technology services; asset management services; materiel management services; acquisitions management services; travel management services; and other administrative services. Internal services include only those activities and resources directed at the organization as a whole, and not those provided solely to a specific program.

2011-12

Financial Resources[67] *(in thousands of dollars)*			Human Resources (FTEs)		
Planned Spending	Total Authorities*[68]	Actual Spending*	Planned	Actual	Difference
23,509	*25,405*	*23,009*	*168*	*163*	*(5)*

**These data exclude amounts assigned to Shared Services Canada.*

Total authorities are 8% higher than planned spending, and the difference between total authorities and actual spending equals 9%, representing normal financial variance under regular management of operations.

Contribution to the *Federal Sustainable Development Strategy*

The Agency is a participant in the *Federal Sustainable Development Strategy* and contributes to the Greening Government Operations targets through the *Internal Services* program activity, particularly with respect to the following elements:

- Surplus electronic and electrical equipment
- Printing unit reduction
- Paper consumption
- Green meetings
- Green procurement

For additional details on the Agency's Greening Government Operations activities, please see the List of Supplementary Information Tables in Section 3.

[67] This table includes grants and contributions expenditures and operating expenditures.

[68] Parliamentary authorities are awarded by global vote. So authorities by program activity are estimates, and are presented as a guide only.

2.9 Changes to Government Structure

Impacts on Financial and Human Resources Resulting From the Establishment of Shared Services Canada (SSC).

The following tables contain data on the human and financial resources that were transferred to SSC, as well as expenditures incurred on behalf of SSC.

2011–12 Financial Resources *(in thousands of dollars)*

	Planned Spending	Total Authorities*
Net transfer post Orders in Council (OIC) to Shared Services Canada (SSC)**	-	*720*

* Pursuant to section 31.1 of the *Financial Administration Act* and Orders in Council P.C. 2011-0881, P.C. 2011-0877 and P.C. 2011-1297, the amount of $720,368 was deemed to have been appropriated to Shared Services Canada. This resulted in a reduction in the appropriation for the Economic Development Agency of Canada for the Regions of Quebec.

** Total authorities, as presented in the "2011–12 Financial Resources" table (and other relevant tables) in the "Summary of Performance" section, is the net of any transfers to SSC. Actual spending does not include expenditures incurred on behalf of SSC as of the OIC date.

2011–12 Human Resources (FTEs)

	Planned	Actual[69]
FTEs deemed to SSC	-	*2*

2.10 Summary of *Canada's Economic Action Plan* Initiatives

In 2009, in addition to its regular programming, the Agency implemented ad-hoc initiatives of two years' duration, in support of the communities and sectors hardest hit by the economic downturn.

Initiative: *Recreational Infrastructure Canada* (RInC) Program

The RInC program was a Canada-wide initiative aimed at contributing to mitigating the impact of the recent economic downturn by increasing the total value of construction activities associated with recreational infrastructure. While initially introduced as a two-year program, RInC was extended by the Government of Canada until October 31, 2011. The goal of projects funded by this program was primarily to modernize, repair, replace or expand existing recreational infrastructure, such as swimming pools, arenas and sports fields. Details concerning RInC performance and expenditures are presented in section 2.3 (Program Activity: *Infrastructure*).

[69] A total of nine Agency employees were transferred to SSC in late fall 2011, corresponding to 2 full-time equivalents (FTEs) after conversion.

3 SUPPLEMENTARY INFORMATION

3.1 Financial Highlights

The financial highlights presented in this report are intended to provide an overview of the Agency's operations and financial position. The unaudited financial statements are prepared in accordance with accrual accounting principles and are available on the Agency's website.

Actual expenditures presented in the preceding tables were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis. Tables reconciling these two accounting methods are presented in the Notes to the Agency's financial statements (note 3).

During 2011–12, the Agency adopted the revised Treasury Board accounting policy TBAS 1.2: Departmental and Agency Financial Statements. Under this policy, the Agency is required to present the net debt represented by liabilities minus financial assets. Revenues, expenses and related accounts receivable and payable are now presented with deductions made of the amounts of non-disposable revenue to be paid out once again and associated expenses in the Agency's statement of results and net financial position and the statement of financial position. To comply with this standard, the amounts for 2010–11 were reclassified in order to facilitate comparison from one year to another.

Condensed Statement of Financial Position (Unaudited)

Condensed statement of financial position As at March 31, 2012 *(in thousands of dollars)*	Change %	2011-12	2010-2011 (Restated)
Total net liabilities	(8%)	97,391	106,399
Total net financial assets	(7%)	89,998	96,744
Departmental net debt	(23%)	7,393	9,655
Total non-financial assets	(56%)	1,593	3,641
Departmental net financial position	(4%)	(5,800)	(6,014)

Condensed Statement of Operations and Departmental Net Financial Position (Unaudited)

Condensed statement of financial operations For the period ending March 31, 2012 *(in thousands of dollars)*	Change %	2011-12	2010-2011 (Restated)
Total expenses	(39%)	227,338	373,384
Total revenues	-	0	0
Net cost of operations before government funding and transfers	(39%)	227,338	373,384
Departmental net financial position	(4%)	(5,800)	(6,014)

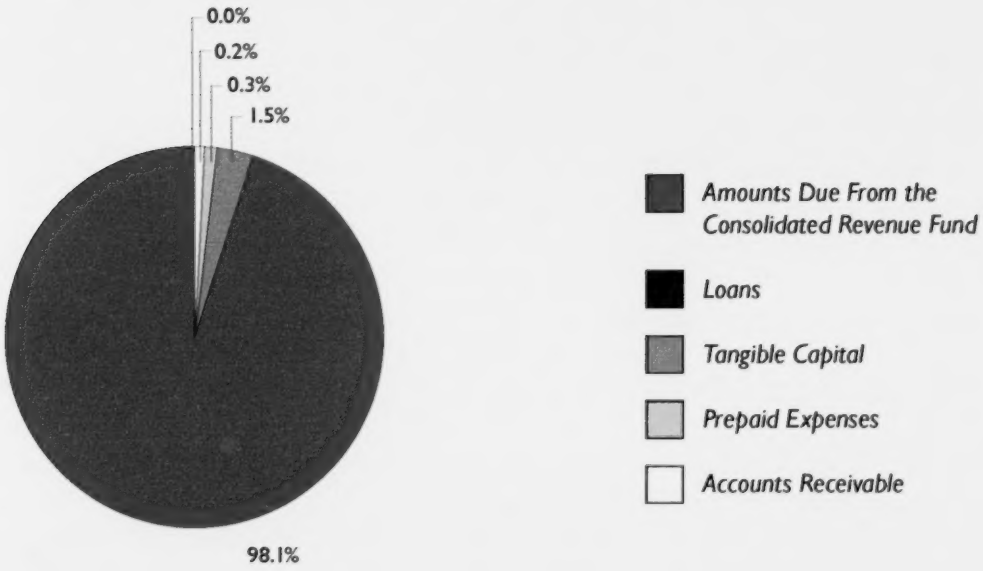
3.2 Financial Highlights—Charts and Graphs

For the period ending March 31, 2012

3.2.1 Liabilities

- The total net amount of liabilities stood at $97.4 million at the end of 2011–12, down 8% from 2010–11. The decrease is attributable to a decline in accounts payable at the end of the fiscal year and to lower obligations with respect to fringe benefits following the payment of separation allowances to several employees.
- Accounts payable and accrued liabilities represented the largest part of liabilities, with 92.3% of the net total, for an amount of $89.9 million.
- Vacation pay and compensatory leave amounted to $1.8 million, and fringe benefits to $5.7 million.

3.2.2 Assets



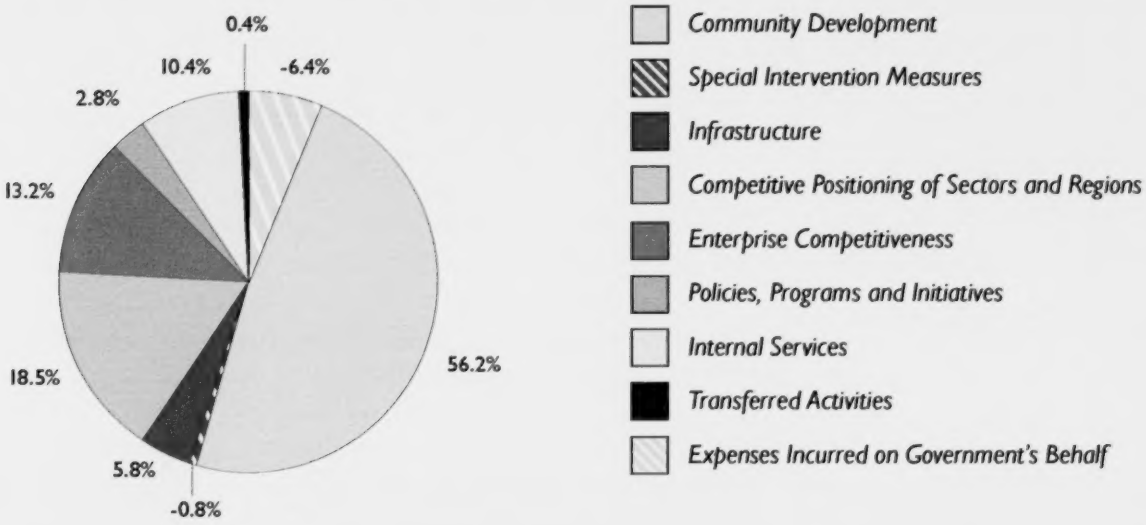
- As of March 31, 2012, net financial assets stood at $90 million, down 7% from the previous year's total. This decrease is attributable to the decline in accounts payable at the end of the fiscal year for which the Agency will be receiving funds during another year.

- Amounts due from the Consolidated Revenue Fund constitute the largest component of net financial assets, representing 99.8% of the latter or 98.1% of total assets. The remainder of net financial assets consists of the Agency's accounts receivable.

- The Agency's loans held entirely on behalf of the government stood at $245.0 million at the end of 2011–12, representing a 14% rise attributable to the increase in loans.

- The amount of non-financial assets stood at $1.6 million at the end of 2011–12, down 56% from 2010–11, mainly owing to the transfer of tangible capital to Shared Services Canada. Prepaid expenses accounted for 0.3%, and tangible capital for 1.5% of total assets.

3.2.3 Expenses



- Total net expenses amounted to $227.3 million in 2011–12, down $146 million (39%) compared with total expenses the previous year.

- Expenses consisted primarily of transfer payments, i.e., expenses with respect to non-repayable contributions and conditional-repayment contributions, which totalled $169.3 million in 2011–12; this was down 45% from the previous year's total and explains the reduction in total expenses. This decrease was primarily attributable to the termination of most initiatives set up under CEAP and implementation of the 2010 Strategic Review aimed at reducing the grants and contributions budget.

- Funds net of expenses incurred on the government's behalf ($14.5 million) and transferred activities ($0.9 million) helped foster Quebec's economic development through the following seven program activities:
  - *Community Development:* $120.5 million
  - *Infrastructure:* $13.1 million
  - *Special Intervention Measures:* -$1.1 million
  - *Enterprise Competitiveness:* $19.4 million
  - *Competitive Positioning of Sectors and Regions:* $44.5 million
  - *Policies, Programs and Initiatives:* $6.4 million
  - *Internal Services:* $23.6 million.

- Operating expenses were down $4.1 million compared with 2010–11. This decrease is primarily attributable to the reduction in salary expenses and professional services.

3.2.4 Revenues

Total revenues for the Agency are zero, since they are all earned on the government's behalf. For reference, revenues earned on the government's behalf stood at $863,000 in 2011–12, up 23% from the total revenues for the previous fiscal year associated with amounts billed as interest.

3.3 Financial Statements

The Agency's unaudited financial statements for the year ended March 31, 2012 and the appendix containing the statement of management responsibility, including internal control with respect to management financial reporting, are available on the Agency's website at: www.dec-ced.gc.ca/eng/publications/agency/rmr.html.

3.4 List of Supplementary Information Tables

Electronic supplementary information tables listed in the 2011–12 Departmental Performance Report can be found on the Agency's website at: www.dec-ced.gc.ca/eng/publications/agency/rmr.html.

Table: Greening Government Operations
The table presents the results obtained with respect to five greening of government operations goals from the *Federal Sustainable Development Strategy*.

Table: User Fees Reporting
The table presents user fee revenue and costs.

Table: Details on Transfer Payment Programs (TPPs)
The table illustrates the results of TPPs in relation to commitments and planned results as set out in the 2011–12 RPP where the amount of the transfer exceeds $5 million.

Table: Response to Parliamentary Committees and External Audits
The table lists responses given to Parliamentary Committee reports, Auditor General of Canada reports and external audits concerning Agency activities in 2011–12.

Table: Sources of Non-respendable Revenue
The table illustrates revenue and provides a historical perspective. Revenue consists primarily of repayments of the repayable contributions awarded by the Agency.

Table: Internal Audits and Evaluations
The table lists internal audit and evaluation reports.

4 OTHER ITEMS OF INTEREST

4.1 Agency Contact Information

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4.2 Additional Information

Within the framework of its transformation, the Agency recently renewed its economic development vision and its programs, while simplifying its Program Activity Architecture (PAA) and performance measurement. Thus, information on the Agency's PAA and programs in this DPR 2011-12 does not correspond to the programs in effect since April 1, 2012 as published on the Agency's website.

Agency Programs:
www.dec-ced.gc.ca/eng/programs/index.html

Agency Organization Chart:
www.dec-ced.gc.ca/eng/agency/chart/organizational.html

Business Offices:
www.dec-ced.gc.ca/eng/business-offices/business.html

Agency Performance Measurement Methodology

1. Tracking of Projects

In the field of economic development, expected results are rarely observed during the year of the expenditure.

For instance, it is only after one or two years that the impact of an enterprise's development activities on its sales is seen. The same is true for many activities supported through Agency programs, whether in market development, technology transfer or enterprise creation.

To report on the use of funding awarded to the Agency in 2011–12 and on intermediate results recorded since 2007— the year in which the current performance measurement strategy was implemented— two main baselines are used in this report:

1. Projects for which an expenditure was made in 2011–12. This baseline tells us about the number of economic development agents who received financial assistance from the Agency in 2011–12 and about the immediate results targeted.

2. Projects which have reached the date scheduled in their agreement for attaining results that were expected in the longer term (e.g., impact on enterprises' sales). This baseline makes it possible to measure the impact of Agency programs on community diversification and business and regional growth. It is associated with expenditures made before 2011–12, primarily between 2007 and 2010.

2. Data Collection for Performance Information

a. Reliability of Performance Data

The current system for gathering performance data has been in place since April 1, 2007. It is based on the tracking of project results by business office advisors conducted as part of regular agreement follow-up activities. Instructions for using and inputting appropriate indicators and quality controls ensure consistent data entry into the Agency's management information system.

The collection strategy for measuring the impact of intermediary groups' (IGs') intervention with respect to the clientele was not applied this year. This weakness is offset in this report by the presentation of concrete examples of results from projects funded this year. Furthermore, the methodology used to calculate the number of enterprises having received services from IGs has been updated since last year, significantly raising data reliability. Previously, all results obtained through IGs were cumulative and divided by four, since we were in the fourth year of data collection.

In 2011–12, the method used allows for the annualization of the cumulative data obtained on the basis of the actual project start date for each IG and the date of the latest follow-up conducted on the IG. This eliminates duplication, ensuring that a given enterprise is not counted twice by the same IG.

Finally, the Agency has developed a new performance measurement strategy geared to the Agency's new Program Activity Architecture and its new program which came into effect in 2012. The strategy for data collection with respect to IGs will in particular be revised as part of this exercise, with a view to yet further improving the availability and reliability of the Agency's performance data.

In this report, performance data are generally comprehensive and very reliable, particularly with respect to projects involving direct assistance to enterprises. Appendix 1, *Technical Notes on Performance Data*, provides detailed information on the reliability of the data presented in this report.

b. Extent to Which Results Can Be Attributed

The Agency works closely with several departments and agencies of the Government of Canada and the Quebec government, and with many local and regional stakeholders. This collaboration is reflected in the financial packages put together for projects. That is why the Agency cannot itself take credit or claim responsibility for all the results obtained. It is therefore fair to say that the financial assistance awarded by the Agency for the completion of projects *contributes* to attainment of the results observed.